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COMMISSIONERS

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2005 OCT 26 P 2: 52
AZ CORP COMMISSION
DOCUMENT CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION) DOCKET NO. W-01445A-05-0469
OF ARIZONA WATER COMPANY, AN)
ARIZONA CORPORATION, TO EXTEND)
ITS EXISTING CERTIFICATE OF) CERTIFICATE OF FILING FRANCHISE
CONVENIENCE AND NECESSITY AT)
CASA GRANDE, PINAL COUNTY,)
ARIZONA)

In Arizona Water Company's application in this matter, it indicated that the City of Casa Grande had scheduled an election for September 13, 2005 for Casa Grande voters to decide upon approval of a new City Franchise for the Company. The voters approved the franchise and, on September 27, 2005 the Company formally accepted the franchise. The Staff has asked the Company to file a copy of the franchise in this docket.

Accordingly, Arizona Water Company is now filing an original and thirteen (13) copies of its new Casa Grande City Franchise in the above-captioned docket.

RESPECTFULLY SUBMITTED this 26th day of October, 2005.

ARIZONA WATER COMPANY

By: Robert W. Geake
Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

1 Original and thirteen (13) copies of the foregoing filed this 26th day of October 2005 with:

2 Docket Control Division
3 Arizona Corporation Commission
4 1200 West Washington Street
5 Phoenix, Arizona 85007

6 A copy of the foregoing was hand-delivered this 26th day of October 2005 to:

7 Honorable Amy B. Bjelland
8 Administrative Law Judge
9 Hearing Division
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, AZ 85007

13 A copy of the foregoing was mailed this 26th day of October 2005 to:

14 Christopher Kempley, Chief Counsel
15 Legal Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Ernest G. Johnson
20 Director, Utilities Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 By: Robert W. Drake

**FRANCHISE AGREEMENT
BETWEEN
ARIZONA WATER COMPANY
AND THE
CASA GRANDE, ARIZONA, CITY COUNCIL**

Section 1. -Grant of Franchise. There is hereby granted to Arizona Water Company, a corporation organized and existing under and by virtue of the laws of the State of Arizona, its successors and assigns (hereinafter called "Grantee"), the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future public streets, avenues, alleys, highways, bridges and other public places in the City of Casa Grande, Pinal County, Arizona, (hereinafter called "Municipality"), water lines, plant and system, including mains, laterals, pumps, manholes, meters, fire hydrants, regulator stations and related equipment, facilities and appurtenances, for the purpose of providing water service for all purposes in Municipality.

Section 2. Construction and Maintenance in Accordance with Municipality's Ordinances & Regulations. All facilities to be constructed and maintained pursuant to the Franchise shall be constructed and maintained in accordance with Municipality's standards with respect to repairs and maintenance of such public streets, avenues, alleys, highways, and bridges and other public places of Municipality. Prior to construction, Grantee shall apply for a right-of-way work permit in accordance with all existing ordinances and regulations of Municipality and a map showing the location of such facilities shall be submitted to Municipality's Director of Public Works, or his/her designee. If Grantee does not comply with any Municipal ordinance or regulation governing work in the public streets,

avenues, alleys, highways, and bridges and other public places of the Municipality, Grantee shall, within 30 days after written notice of non-compliance in accordance with Section 12, undertake action to achieve compliance.

Section 3. Removal or Movement of Facilities. In the event that facilities constructed pursuant to this Franchise shall at any time be found by Municipality to interfere unduly with Municipality's governmental functions over such public streets, avenues, alleys, highways or bridges or other public places, Grantee hereby agrees that it will, at its own expenses, and within a reasonable time after notice thereof by Municipality, remove or relocate said facilities so as to minimize said interference. In all other instances the costs incurred in relocating facilities shall be borne by and added to the costs of the public or private improvement causing or resulting in such relocation.

Section 4. Disposal of Unnecessary Rights-of-Way. In the event Municipality takes action to dispose of unnecessary public roadways in accordance with the provisions of the Arizona Revised Statutes, Municipality shall recognize and preserve each of Grantee's prior rights-of-way, easements, and rights under this Franchise which are affected thereby, as they existed prior to such disposition, by including specific and appropriate language for that purpose in any legal instrument utilized for the purpose of accomplishing such disposition.

Section 5. Franchise Fee.

(a) As a further consideration for the franchise hereby granted, Grantee will pay quarterly to Municipality a sum equal to 3% of the gross receipts of Grantee from the sale of all water for residential, commercial and industrial purposes, including connect or reconnect charges, service establishment or reestablishment charges, or other similar charges, within Municipality's corporate limits, as Grantee is notified from time to time by Municipality of the extent of such corporate limits. For the purpose of

verifying the amounts payable hereunder, Grantee's billing records shall be subject to inspection by duly authorized officials or representatives of Municipality, at reasonable times.

(b) Said payment shall be a franchise fee. Said payments shall only be in lieu of any and all permit fees or other fees, charges or exactions whatsoever otherwise assessed by Municipality for the construction and maintenance of Grantee's facilities within public streets, avenues, alleys, highways, and bridges and other public places of the Municipality hereunder or for inspections thereof up to the amount payable under the terms of this Section 5. Furthermore, the amount of such franchise fee may be lawfully and specifically added to customer bills.

(c) Payment as described in the preceding paragraphs shall be payable in quarterly amounts within 30 days after the end of each calendar quarter.

Section 6. Indemnity. Grantee shall save Municipality harmless from expenses, claims and liability arising by reason of the exercise of this Franchise by Grantee.

Section 7. Term. The right, privilege, and franchise hereby granted shall continue and exist for a period of twenty-five (25) years from the date that the last representative for the parties executes this Agreement(effective date), however, either party may terminate this Franchise on its tenth (10th) anniversary by giving written notice of its intention to do so not less than six (6) months before the tenth (10th) anniversary. While such notice may or may not result in a renegotiated Franchise, the party giving the notice of termination shall be responsible for the costs of any resulting franchise election to renew this franchise or adopt a new franchise.

Section 8. Assignability of Franchise by Grantee The right, privilege and franchise hereby granted may be assigned by Grantee in whole or in part.

Section 9. – Franchise; Non-Exclusive: This Franchise is not exclusive, and nothing herein contained shall be construed to prevent Municipality from granting other like or similar grants or privileges to any other person, firm or corporation.

Section 10. – Conflicting Ordinances: All ordinances and parts of ordinances in conflict with the provisions hereof are, to the extent applicable to a franchised water public service corporation, are hereby superseded by the terms of this Franchise.

Section 11. – Independent Provisions: If any section, paragraph, subdivision, clause, phrase or provision of this Franchise Agreement, other than Section 5, shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this Franchise as a whole or any part of the provisions hereof other than the part so adjudged to be invalid or unconstitutional. If Section 5 shall be adjudged invalid or unconstitutional in whole or in part by a final judgment, this Franchise shall immediately terminate and shall be of no further force or effect.

Section 12. – Notices: Any notice required or permitted to be given hereunder shall be in writing, unless otherwise expressly permitted or required, and shall be deemed effective either (i) upon hand delivery to the person then holding the office shown below, or, if such office is vacant or no longer exists, to a person holding a comparable office, or (ii) on the third business day following its deposit with the United States Postal Service, first class and certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) To the City: City Clerk
City of Casa Grande
510 East Florence Blvd
Casa Grande, Arizona 85222

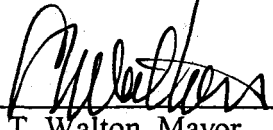
With a copy to: Casa Grande City Attorney
510 East Florence Blvd
Casa Grande, Arizona 85222

(b) To Arizona Water Company: P.O. Box 29006

Phoenix, AZ 85038-9006

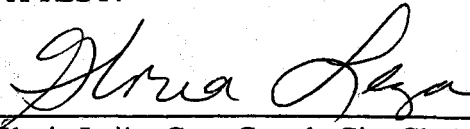
Section 13. Avowal. We, the undersigned, have executed this document in accordance with the results of the City of Casa Grande Special Election held on September 13th, 2005, on the dates below written.

CITY OF CASA GRANDE, an
Arizona Municipal Corporation

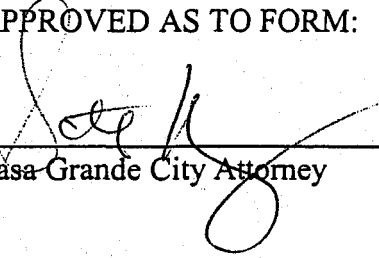
By 
Charles T. Walton, Mayor

On behalf of the City of Casa Grande
Date: May 18, 2005

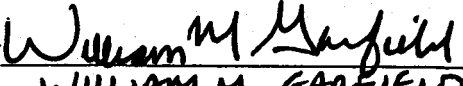
ATTEST:


Gloria Leija, Casa Grande City Clerk

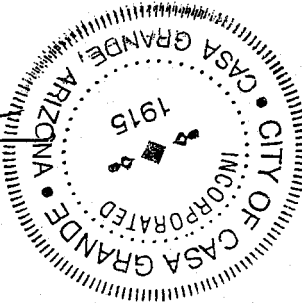
APPROVED AS TO FORM:


Casa Grande City Attorney

ARIZONA WATER COMPANY, an
Arizona Corporation

By 
WILLIAM M. GARFIELD
PRESIDENT

Date: 9-27-2005



State of Arizona

County of ~~Pinal~~ maricopa

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) ss
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Arizona Water Company

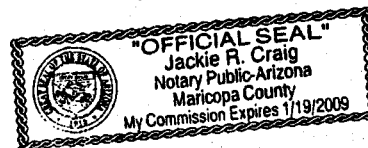
Acknowledgment

On this 27th day of September, 2005, William M. Garfield, who acknowledged himself/herself to be the President of Arizona Water Company personally appeared before the undersigned and that he/she, as such officer, being authorized to do so, executed the document in the capacity therein stated and for the purposes therein contained by signing his/her name.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Jackie R. Craig
Notary Public

My commission expires: 1-19-2009



RESOLUTION NO. 3614

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF CASA GRANDE, PINAL COUNTY, ARIZONA, DECLARING THAT SAID COUNCIL DEEMS THAT GRANTING OF A CERTAIN WATER FRANCHISE BENEFICIAL FOR THE CITY OF CASA GRANDE; ORDERING A SPECIAL ELECTION TO BE HELD ON THE 13TH DAY OF SEPTEMBER, 2005, AT WHICH ELECTION THERE SHALL BE SUBMITTED TO THE VOTERS OF SAID CITY THE QUESTION AS TO WHETHER OR NOT SAID FRANCHISE SHALL BE GRANTED TO ARIZONA WATER COMPANY; DESIGNATING ELECTION TO BE BY MAIL BALLOT PROCESS.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CASA GRANDE, PINAL COUNT, ARIZONA, AS FOLLOWS:

Section 1. That the Mayor and City Council of the City of Casa Grande deem the granting of the Franchise Agreement (identified in City records as C.G. No. 505-13, which is incorporated by this reference herein as if fully set forth herein) is beneficial to the City of Casa Grande.

Section 2. That an election is hereby called and ordered to be held in the City of Casa Grande on the 13th day of September, 2005, for the purpose of submitting to a vote of the qualified electors of the City of Casa Grande, the question as to whether the franchise under the terms and conditions of the above-referenced agreement shall be granted to Arizona Water Company.

Section 3. That the notice of said election shall be given by the City of Casa Grande by causing a copy of the resolution to be published in full according to law in the proper publication, namely, the Casa Grande Dispatch, a daily newspaper of general circulation printed and published in the City of Casa Grande, Pinal County, State of Arizona, affording not less than thirty (30) days notice prior to the date of the election. The publication shall be in English and Spanish.

Section 4. The City shall utilize the mail ballot election process. Casa Grande City Hall, 510 E. Florence Boulevard, Casa Grande, shall be designated as a re-issue center and drop-off site.

Section 5. That the ballots to be used at said election shall be substantially in the form set forth in Exhibit A, attached hereto and incorporated herein by this reference.

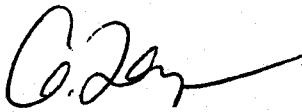
Further, the voter shall indicate his or her vote "For the franchise" or "Against the franchise" by inserting an "X" or other proper indication of their vote in the square opposite the phrase.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Casa Grande, Arizona, by a majority of the members present and voting this 16th day of May 2005.

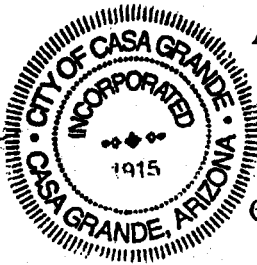


Mayor, City of Casa Grande

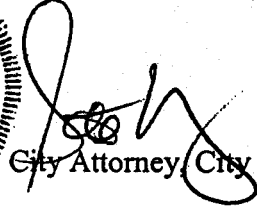
ATTEST:



City Clerk, City of Casa Grande



APPROVED AS TO FORM:



City Attorney, City of Casa Grande